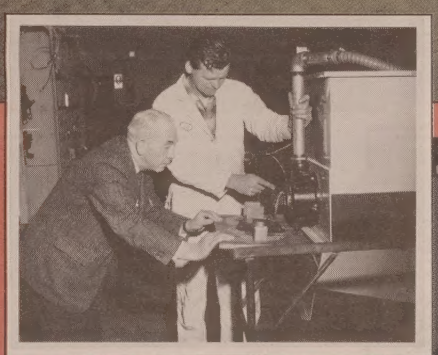
LEKTRO

Then and Now



From father to son, company takes the road to success

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LEKTRO'S AUGER FEEDER
A model for every size operation. Available for single deck, double deck or triple deck cage configuration.

On The Cover

LEKTRO began making golf carts in 1954. The top photo on the cover shows the versatility of styles and colors. The inset black and white photo shows Wilt Paulson, founder of LEKTRO right, working with Deskin Bergey, general manager for Pacific Power & Light. At the bottom, Eric Paulson, president of LEKTRO rides in the 2500th vehicle delivered to United Airlines in 2005.

About This Publication

The Daily Astorian creates special publications to mark significant anniversaries and events in the life of companies and community organizations. The newspaper is pleased to play a role in LEKTRO's expansion.

The project was designed and edited by Sue Cody, deputy managing editor at the newspaper. The text and photographs were provided by LEKTRO.

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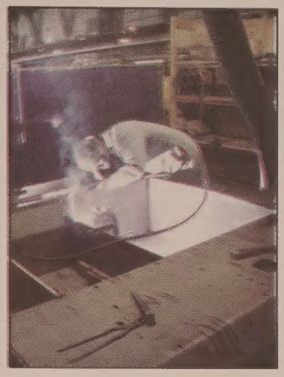

TOP LEFT: Wilt Paulson poses with an auger feeder in an early LEKTRO ad.

ABOVE: Ed Van Osdol welds a chassis.

ABOVE RIGHT: Brett Brunick assembles a control panel.

RIGHT: LEKTRO vehicles for General Motors are line up, ready for action.

Business 101 – Final Exam

1. What traits define a successful business?

Community Oriented Management – Skilled & Loyal Employees

Innovative Products – Excellent Customer Relations – Widely Respected

2. Give an example.

LEKTRO
Warrenton, Oregon

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State Senator Betsy Johnson

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Congratulations LEKTRO!

Who could have imagined that the dreams and ideas of two tinkerers and friends, Wilt Paulson and Paul Autio, would develop into businesses with a worldwide reach, still thriving over 50 years later?

We're proud of the heritage and legacy that our two companies share, as well as our mutual commitment to the community.

Our best wishes for many years of continued success,

The Autio Company Crew
& The Autio Family

From humble beginnings Paulson builds company

Astoria natives, Wilt and Violet Paulson began LEKTRO at the Beaverton Airport in Beaverton in 1945. The company, originally known as Willamette Aircraft and Engine Company, initially converted military training aircraft to civilian aircraft for personal use and performed aircraft maintenance.

In 1948, the U.S. Navy vacated its two hangars located at the Astoria Airport, giving the buildings to the Port of Astoria. Wilt and Vi learned of the transaction and took the opportunity to relocate the business to Astoria where they could be close to Wilt's parents (Bill and Myrtle Paulson), Vi's parents (Erick and Hanna Sippala), as well as Wilt's sisters and brothers-in-law (Muriel and Don Acton and Loretta and Jack Rieck), who all still lived there.

Vi and Wilt Paulson built LEKTRO from the ground up.

Crop dusters and seaplanes

The company continued to work on aircraft. However, early on, Wilt became involved in designing attachments used to spray fields and crops. Wilt converted planes into crop dusters, pioneering the crop-dusting industry. Early crop dusting

Continued on Page 4

A shipment is ready to depart LEKTRO in the mid-1960s.

A colorized photo of a seaplane.

Congratulations Eric

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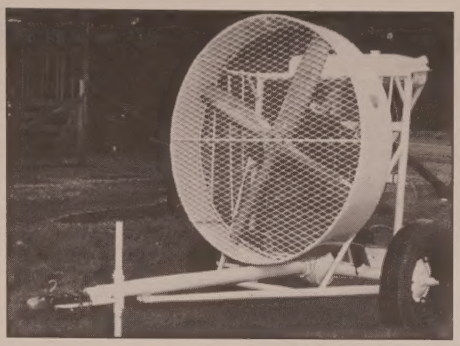
Continued from Page 3

colleagues included Bill Holmstrom (who later became a state senator) and Denny Thompson. Wilt also operated a seaplane base on Youngs River, where Tide Point Restaurant resides today.

Wind machines

One of Wilt's first manufacturing ventures outside of aviation was a wind machine using surplus Lycoming and Continental aircraft engines. These wind machines were popular among local logging companies and contractors to control slash burns. Local Astorian, Harry Claterbos, who eventually became Wilt and Vi's neighbor in Williamsport, was one of the early wind machine customers.



ABOVE: The wind machine helped logging companies control slash burns.
BELOW: Wilt Paulson works on a feeder.

The Mink Feeder: 1950-1985

Shortly after venturing into the world of manufacturing, Wilt, and local mink rancher Paul Autio, set out to develop and market one of the world's first electric mink feeders. Paul, who had been using a gasoline mink feeder manufactured in Finland, found that the noise and fumes from the gas engine frightened the mink, resulting in the mother mink eating her young. Paul felt that if the vehicle could be made to operate quietly, this might not

A brochure for one of the first products, an electric mink feeder.

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happen. The alternative was to feed the mink by hand, but the ever-expanding mink ranches were finding this manual method to be extremely labor intensive and inefficient.

Because Paul was an avid flier and had an airplane Wilt maintained, they became dear friends. It was through this friendship and weekend chatter at the local flying club, that Wilt and Paul discussed the possibility of producing an electric version of a mink feeder. It was determined that Wilt would do the design and manufacturing of the vehicle, while Paul would focus his attention on marketing the product to mink ranchers worldwide who faced a similar dilemma, under the name of Autio Company. Wilt renamed the manufacturing company LEKTRO, setting a basis for expansion of products well into the future.

The Golf Cart: 1954-1969

Shortly after entering the manufacturing arena, Wilt ventured into the golf cart business. With golfing becoming a popular sport, especially for retired individuals, the need for a motorized means of getting around the courses was becoming evident. Wilt set out to design and perfect the golf cart, using the nearby Astoria Golf & Country Club course for inspiration.

Early challenges faced by Wilt included acceptance by country clubs and golf courses to allow carts on the fairways. In addition, the steep hills and moist, soft soil found at Astoria Golf & Country Club proved to be an engineering feat for tire manufacturer Goodyear and electric motor manufacturer, General Electric. A close relationship was formed between LEKTRO and Goodyear/GE to keep the vehicles from sinking into the wet fairways

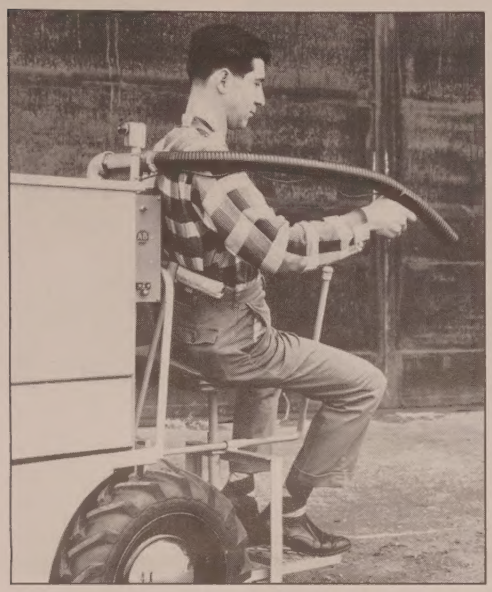
Continued on Page 6

Looking stylish was easy in a LEKTRO golf cart.

The first president of the Astoria Golf & Country Club, Charlie Halderman, poses in one of the first LEKTRO golf cars circa 1954.

Continued from Page 5

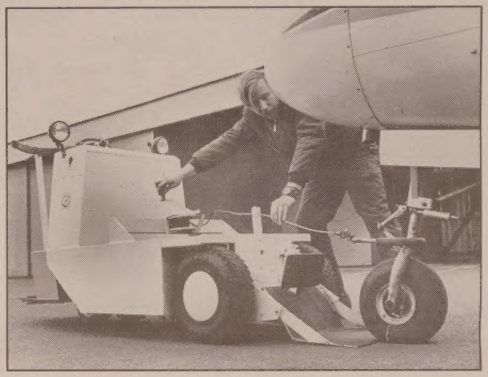
and preventing the motors from overheating. The Terra Tire was developed by Goodyear for LEKTRO and GE learned how to make its motors more heavy-duty. LEKTRO machinist, Armas Johnson, made modifications to the GE motor, modifications that GE eventually incorporated. LEKTRO introduced such innovative designs as an all-aluminum frame (to prevent rust; incorporated from the aviation industry) and a fiberglass body. LEKTRO was one of the first companies to use a fiberglass body, which now is common in golf cart construction.



The hose feeder helped farmers feed their animals quicker.

Poultry Feeder : 1965-1975

An offshoot to the mink feeder was a larger vehicle to feed poultry. This vehicle was especially popular in the large chicken farms throughout the Midwest and Southeast. Astorian Fred Green and Georgian Tom McClung assisted in the marketing of the poultry feeder nationwide. LEKTRO was a leading manufacturer of Poultry Feed Carts until automation became the normal feeding process.



LEKTRO began making the airporter to tow airplanes by raising the nose gear.

Airporter: 1967-Present

In 1967, Wilt, and longtime flying friend and Portland Flightcraft FBO owner, Sy King, came up with an idea to improve the method aircraft were being handled. Because of the weak nose gear on some smaller aircraft, damage when towing was fairly common. Sy felt that if there was a way to raise the nose gear in a cradle eliminating the bar that connects the aircraft to a tow tractor, damage should be substantially reduced.

In addition, the need for the aircraft handling company to buy the towbar and attachment head for every aircraft would not be required. By using Flightcraft as a test site, Sy and Wilt developed the world's first towbarless aircraft tug. They utilized a mink/chicken feeder chassis, turning it around so that the steer tires were at the rear of the vehicle, under the operator, and the drive tires at the front, where a hydraulic lift cradle would be attached. The cradle would then lift the nose gear of the aircraft off the ground, transferring the aircraft nose weight to the LEKTRO Airporter. Little did the inventors know that this concept would revolutionize the aviation industry and become the preferred method of towing aircraft up to the largest commercial aircraft, including the new A380 Super-jumbo jet.

LEKTRO did not spend a great deal of time promoting the "Airporter" until Wilt and Vi's son, Eric, returned from college in 1982. Since then, LEKTRO has gone from producing one model with an aircraft capacity of approximately 12,000 pounds. (large turboprops, small Lear jets) to 10 models with capacity up to 180,000 pounds. (Boeing 737). LEKTRO currently has a customer base of nearly 3,000 units spread across every continent

IN FIRM SUPPORT OF LEKTRO

Davis Wright Tremaine LLP congratulates Eric Paulsen, our client Lektro, Inc., and all of Lektro's employees on their new expanded facility in Astoria. We join with the rest of Astoria and Oregon in thanking you for your many contributions to our community, and we wish you continued success and prosperity.

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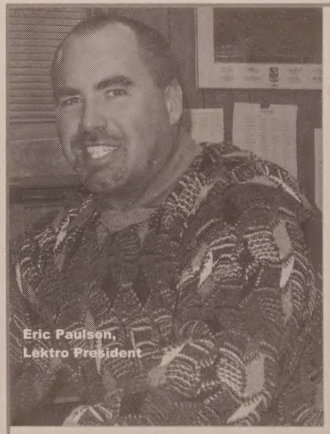

Eric Paulsen,
Lektro President

LEKTRO:
60 Years as a valued Port of Astoria Tenant at the Astoria Regional Airport

Our sincere appreciation to the Oregon Economic & Community Development Department for financial assistance in Lektro's expansion.

Port of Astoria

in the world.

Forklift: 1969-1992

Wilt was always looking for something new to design. A cousin-in-law, Bill Mathews, married to cousin Dorothy Baisley of Taylorville, was the manager of Dupar Dynamics, a hydraulics company in Portland. Bill had a need for a small forklift to use in his warehouse. With Bill's hydraulic background and Wilt's mechanical background, they designed a compact, electric lift truck. Based on the Mink/Chicken Feeder chassis, they again turned the vehicle around, placing the batteries and seat above the steer axle and mounting a mast and cylinder in front of the drive axle. The size of this lift truck was ideal for Bill and his company Dupar (now known as Hydac Technology Corp.) LEKTRO sold this small electric forklift to warehouses, fish processors and carpet supply stores throughout the world.

The first Airporter is demonstrated at Flightcraft in Portland.

Paper Clamp Truck: 1972-1992

The Daily Astorian had a need to handle its heavy (800 pound.) tightly rolled newsprint. Like most small town newspapers, The Daily Astorian did not have the storage room required to hold semi-loads of paper rolls unless they were stacked one on top of each other.

Wilt tests a new personnel carrier.

In addition, the rolls typically arrived on the "round" side, which allowed the paper to be rolled out of the truck and stored in the warehouse. However, keeping the paper on the round side could develop a "flat spot" on the roll, damaging the outer ring of the paper. In working with Morgan Coe, then editor of the Daily Astorian, LEKTRO was able to design and develop an attachment that could be adapted to its small electric forklift that could grab, lift and rotate the rolls of newspaper. This combination lift truck/paper roll handler would soon become LEKTRO'S primary product from the '70s through the '80s.

Custom vehicles for GM: 1983-Present

In 1983, through its effort to establish a dealer network for its lift truck and other industrial personal carriers, LEKTRO learned of an internal need at General Motors: to streamline their parts process. After discussions with GM in Detroit, a prototype vehicle was built. This vehicle incorporated many of LEKTRO's existing components, but utilized a totally unique chassis design. Integral to the chassis was a stair assembly that allowed the operator to climb in order to pick parts in their after market distribution centers nationwide. This design proved to be so successful that GM eventually utilized this picking and stocking method in all of its facilities, ordering more than 600 vehicles. LEKTRO also designed several derivatives of this vehicle for other uses within the GM organization.

Float Chassis: 1989-Current

Since LEKTRO had become known worldwide as an innovative electric vehicle manufacturer, Disneyland requested the assistance of LEKTRO in the development of a chassis for use in its electric light parade floats in Anaheim and Orlando. LEKTRO produced several versions of a chassis used to power the main drive float as well as tow several float trailers. LEKTRO float chassis can be seen in operation daily.

LEKTRO built a forklift for small spaces like The Daily Astorian.

In the early days, Eric Paulson stacks newspaper rolls at The Daily Astorian with the new clamp truck.

LEKTRO's AP8850SDA tows a new Gulfstream 200.

40 Years

LEKTRO

Lektro, one of Clatsop County's oldest manufacturers, began, and continues to operate at the Port of Astoria Airport. Founded by Wilt Paulson in 1948, Lektro has produced electric-powered vehicles consisting of Mink and Poultry feeders, one of the first golf carts in the world, forklifts, aircraft ground handling vehicles, and other custom vehicles such as a pick vehicle built for use by General Motors. Lektro also produces equipment for Ag-Bag Corporation.

In 1985, Eric Paulson became the company's President and since then has increased its product line and expanded its distribution network to include Europe and the Scandinavian Countries. Lektro currently employs forty-five area people.

1190 SE Flightline Drive
Warrenton, OR 97146

In Brief

Lektro wins Disney contract

Lektro Inc., of Warrenton, a manufacturer of electric-powered lift trucks and aircraft tugs since 1947, has been awarded a second contract to design and produce the power unit used in parade floats for the Walt Disney Co., based in Burbank, Calif.

"We were mainly selected because of our experience in the electric vehicle field and our ability to form engineer and adapt to the float specifications," stated Paulson, Lektro president.

...rade floats ...re at the ...onda and a highlig... Starlight parades.

"It had to be a reli... compact unit that can ... use," said Paulson. "... delighted to work with ... associated with the Dis... organization."

6 - EVS BATTERIES

BLACK

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Lektro Car

BLACK

Lektro finds foothold in European markets

By DAVID HARLAN
Of The Daily Astorian

Lektro Inc. has reached a distributorship agreement with a Finnish company and hopes to establish a dealer network throughout Europe soon.

The Warrenton manufacturing company shipped its first container full of industrial equipment to Mailroom International of Helsinki, Finland, last month and will making a second shipment to the Finnish company later this month, Eric Paulson, Lektro president, said Wednesday.

Lektro produces industrial forklifts and related equipment as well as a line of machines used to handle and maneuver aircraft on the ground.

Mailroom International is initially marketing Lektro's line of electric forklifts equipped for handling large rolls of newsprint using a hydraulic clamp. The clamp can be removed and forks attached in short order to allow the machines to handle other items.

"Already, sales are increasing faster than we ... ly projected first-year sales (in Europe) to be about $500,000," but that figure could end up closer to $1 million, he said.

The sizes and prices of Lektro's paper-handling machines is aimed at a market niche not now being filled by suppliers of similar equipment in Europe.

"It's like it was in the states 10 years ago," Paulson said. "To them, it's a totally new product."

The better-than-expected sales will eventually add 10 jobs to Lektro's current payroll of 45, Paulson estimated.

The company also plans to market its line of Airporter electric aircraft handling machines in Europe, he said. One of the machines will be among the shipment going to Finland later this month.

A smaller version of the machine will be ...elled at an aviation industry trade show in West

LEKTROCAR WIRING SCHEMATIC

NO. 63 - 4 -

Eric Paulson leads LEKTRO from 1982 to today

Eric Paulson has had many duties at LEKTRO. Here is seen washing a truck.

Since childhood, Wilt and Vi Paulson's son, Eric, has worked at LEKTRO. From sweeping floors, drilling parts and counting inventory, as long as Eric can remember, LEKTRO has been his home.

After graduating from Astoria High School in 1980, Eric began college at Willamette University in Salem, with the goal of becoming an attorney. Majoring in political science and economics, Eric found himself taking mostly elective classes, which would prove to be extremely beneficial.

While most freshmen and sophomores were taking basic required classes (history, science, mathematics), Eric took accounting, economics, pre-law, and other business courses. Little did Eric know that his college education would only last two years because his father's health and the financial stability of LEKTRO would necessitate his involvement after only his second year.

Eric observed his father's deteriorating health and the financial struggles the company was facing. It was a time of extreme recession in the early 1980s as a result of double-digit interest rates and overwhelming influx of foreign competition.

Eric asked for a leave of absence from Willamette. His faculty adviser, Jack Leonard, authorized his one-year leave. This allowed Eric to receive work-study credit for the first six months because, as Professor Leonard stated, it was "a once in a lifetime opportunity."

Oregon Gov. Ted Kulongoski poses with Eric Paulson at the LEKTRO groundbreaking for its expansion in 2005.

It was Eric's plan to work at LEKTRO for one year while Wilt's health improved and while the finances of the company recovered. Little did Eric know that at age 19, he would find himself negotiating with lawyers and bankers and would never be able to return to college.

One of Eric's first challenges was to ensure financing was maintained by their bank, which at that time was First Interstate Bank (now known as Wells Fargo). LEKTRO had been taken out of the local branch and placed with a department established to minimize the bank's potential losses, and eventually liquidate the companies. Even while at college, Eric met with the banker in charge of LEKTRO's account, Tim

Continued on Page 15

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ABOVE: LEKTRO president Eric Paulson, left, talks about LEKTRO's aircraft tugs with Tommy Johnson, Merv Helmersen, and Richard Lee.

RIGHT: Denny Thompson, who flew LEKTRO crop dusters, talks as Merv Helmersen, center, and Richard Lee, right, look on.

'I was the receptionist, bookkeeper and parts department.'

— Vi Paulson
co-founder, Lektro

RIGHT: Bob Lovell, fourth from left, talks about LEKTRO's history with president Eric Paulson as Lesle Palmeri fills in a timeline of the company. From left, Bill Isom, Jim Magoulas and Ed Farmer listen in.

From min

to jets, I

on the cu

By KATE RAMSAYER

It's a long way from feeding mink and chickens to towing Gulfstream jets.

But in the 60 years that LEKTRO has been in business, the company has led those fields and others in between, always working to perfect and adapt the electric engines and vehicles that drive the operation.

As LEKTRO celebrates six decades and a new 15,000-square-foot addition to its plant at the Astoria Regional Airport, it was time last fall to look back at the company's history.

LEKTRO owner Eric Paulson, son of the late founder Wilt Paulson, gathered former and current employees to share stories of the company recently.

"Hopefully you can see some changes since you worked here 30, 40 years ago," he said, welcoming the group. As people started talking, big pads of white paper, labeled with decades, began filling up with a timeline of the company.

Wilt Paulson's business started in 1945 as a repair shop in Beaverton, remembered his widow, Violet Paulson.

"I was the receptionist, bookkeeper and parts department," she said. Wilt cared for the shop. The two were born and raised on the North Coast, however, so when the Astoria airport opened up and hangars became available to rent in 1948, they thought "Well, we want to go back," Violet Paulson said.

Private aviation was just getting off the ground at this point, and many of the planes people owned were converted from military planes. Others came from the factory in raw metal form.

So Paulson and Armas Johnson, LEKTRO's first employ-

ation

es at

KTRO

nk feeders Lektro is tting edge

ee, figured out a way to paint airplanes.

"We really pushed it," said Johnson, "It was something we knew could make a profit."

The pilots had other businesses that needed tools, though, and Paulson soon found himself branching out. He converted military planes to crop dusters and developed a contraption to spray the compounds.

"Wilt could have done anything," said Denny Thompson, another early employee, reflecting on the crop duster sprayer.

Another one of Paulson's friends was a mink rancher who needed a machine to blow feed down a shoot to his mink troughs that lined the long rows of mink cages.

There were early mink feeders from Finland, Eric Paulson said, but they were gasoline-powered and the noise they made would scare the animals, sometimes making them eat their young – not a good thing on a mink farm.

So Wilt Paulson developed an electric, and therefore quieter, mink feeder, which could go down the lines of cages and feed the mink their pellets. LEKTRO started with the mink feeder in the early 1950s, and by 1956, the business was "going great guns," said Marvin Autio.

"It was that electric vehicle that became the base platform for everything that we did," Eric Paulson said. The vehicles that came afterwards would be modifications on the cart's basic chassis and electric motor.

For instance, it was modified to create a chicken feeder – basically a larger mink cart, Paulson said.

Golf carts started winding their way into LEKTRO's business shortly after the company started making mink feeders, and took off in the early 1960s. But the company's employees were not happy with the golf cart engines they were get-

Continued on Page 13

Armas Johnson, LEKTRO's first employee, gestures while telling a story about the company at a reunion in September. Violet Paulson, left, Ed Lundholm and Loretta Carlson listen in.

'Wilt could have done anything.'

— Denny Thompson
crop duster pilot

Alfred Shultz, a former welder at Lektro during the 1950s, checks out aircraft tugs currently being assembled at the company's Warrenton facility.

Expansion: Looking to an even brighter future

For almost 30 years LEKTRO has operated its main offices out of a singlewide mobile home adjacent to two World War II U.S. Navy aircraft hangars, where LEKTROs are produced. The offices have been cramped, space is limited, and the ability to conduct private meetings/conversations has been all but impossible.

The new offices, located in an unfinished mezzanine level between the two hangars that house LEKTRO's production operation, will allow all departments – administrative, purchasing, accounting, sales, parts, and service to be located in one area.

Currently, these departments are in three locations within the current factory floor and attached mobile office. Relocating to the mezzanine level allows the lunchroom to be positioned in the center of the factory versus the far southwest corner of the south hangar. This also frees up ground-level offices for production purposes.

The office renovation will create a 100-person cafeteria/meeting room; a 20-person conference room (something LEKTRO has never had in its 61 years); handicapped restroom; air-conditioned computer room; product showroom/museum; central office equipment room; and customer support department that will allow substantial growth for customer files, something that is maintained for every vehicle LEKTRO produces.

The 15,000-square-foot factory expansion will house all of LEKTRO's paint and paint prep departments including the LINE-X franchise, which LEKTRO uses to spray

Continued on Page 17

Partners in the LEKTRO expansion project at the Lektro plant, from left to right, Shawn Rietman, LEKTRO controller; Dennie Houle, Oregon Economic and Community Development Department; Don McDaniel, port commissioner and NOEA board member; Vicki Goodman, OECDD, Ron Larsen, airport manager; Kurt Long, LEKTRO general manager; Peter Gearin, Port of Astoria executive director; Mary McArthur, NOEA. Seated left to right: Eric Paulson, LEKTRO president and Larry Pfund, Port Commission president.

LEKTRO broke ground on its expansion project on June 30, 2005.

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Continued from Page 11

ting from General Electric.

So Johnson set about building a better one.

"I spent one whole night redesigning the motor," Johnson said. He then wrote a three-page letter to the folks at GE: "I told them they don't know how to make motors." The giant company ended up sending two engineers from Schenectady, N.Y., to Warrenton so they could talk to him.

"I'm not an engineer, but I know what works and what doesn't work," Johnson said.

Modifications and adaptations were made to the rest of the vehicle as well, at Wilt's request.

"Every day he'd come back and say he wanted something else out of the golf cart," said Tommy Johnson, an assembly foreman at the time. At one point, Paulson wanted a meter-maid cart for the city, another time he wanted a cart for transporting warm food at a lodge.

"There was a lot of designing going on."

The mink business started to slow down in the 1960s, but toward the end of the decade LEKTRO made its first electric aircraft tow to maneuver planes into position, which now forms the bulk of the company's business.

And there were other vehicles coming out of LEKTRO's plant as well. The company made forklifts, then modified them by adding a clamp which allowed small newspapers to lift and rotate big rolls of newsprint.

"LEKTRO kind of revolutionized the clamp business," Eric Paulson said.

Most of the 1970s were a boom period for LEKTRO, with the forklift business going strong. In 1978, the company sold 32 forklifts to the U.S. government for German military bases. But the recession late in the decade and in the early 1980s hit the company hard, especially as Japanese competitors were beginning to import more forklifts. LEKTRO had too much inventory and too many managers, Paulson said, but cutting back on expenses and a timely contract from General Motors in 1983 kept the company afloat.

GM placed orders for customized flat-bed carts with a ladder on the back, which it used in its parts distribution centers; workers looking for parts would drive to the right shelf and use the ladder to get a part from a bin.

Also around this time, LEKTRO obtained a grant to do a marketing study to determine the best direction for the company to go in. The consultants said that fork trucks were a dying market, but "put your money in this aircraft tug," Paulson said.

So the company did.

Mayor Willis Van Dusen drives June Spence and Willis Jr. in a LEKTRO AP8850SDA in an Astoria Regatta parade.

Paul Autio prepares to load a LEKTRO Power Pony into his airplane.

"Their success started to spread, and we were asked to build bigger ones and bigger ones," Paulson said. During the 1990s, the company increased the tug business, churned out more vehicles for GM, and made float chassis for parades at Disneyland.

Now, with the focus primarily on the electric aircraft tows, Paulson is looking to expand its market along with the expansion of the building.

"We still feel that aviation is a very strong industry, and a very long-term industry," he said. LEKTRO has sold tows to regional airlines and companies around the world, and is now focusing efforts on marketing its product to the major airlines, as well as the U.S. military, Paulson said.

"We have been successful manufacturing here in Warrenton and exporting, and we're known worldwide now as the best tow vehicle made."

Kate Ramsayer is a reporter for The Daily Astorian

Lenna Paulson-Johansen, daughter of Wilt and Vi Paulson, poses next to a new 1962 LEKTRO golf cart.

Bob Hope rides in a LEKTRO golf cart.

Congratulations
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As owner of Wilt Paulson's first lift truck, The Daily Astorian appreciates the ingenuity and enterpreneurship of this local manufacturing company.
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TIMELINE

1945: LEKTRO founded as Willamette Aircraft & Engine Company in Beaverton, Oregon

1948: Company relocated to Warrenton, Oregon

1949: First portable wind machine for slash burns

1950: First battery-driven vehicle to feed mink

1954: First electric golf cart

1955: Constructed antenna for first cable TV transmission

1960: First electric sauna bath in the United States

1965: Modified mink feeder to produce a chicken feeder

1967: First electric tow-barless aircraft tug using the mink feeder chassis

1969: Transformed mink cart into electric forklift

1972: Developed lightweight paper clamp attachment for forklift

1983: Produced first custom warehouse vehicle for General Motors

1985: Eric Paulson became president of LEKTRO Inc.

1986: LEKTRO began providing assistance to the National Business Aviation Association and became the organization's official tow vehicle

1989: Developed a special chassis for major theme parks

1990: Designed and produced 50,000-pound capacity tow geared to handle lightweight corporate aircraft

1992: Designed and produced 100,000-pound capacity tow with feedback from Gulfstream

1995: All GM warehouse facilities began to convert to LEKTRO pick vehicles

1996: Completed record year with sales reaching $6 million, including Finnish Air Force, Maylasian Air Force, British Royal Air Force and Montana Air National Guard and was named official tug of the National Business Aircraft Association, the Australian Air Show, FIDAE '96 - Santiago Chile, Air Show Canada – Abbotsford, British Columbia and the Lima Air Show, Langkawi – Malaysia

1997: Introduced tug for the U.S. military and the commercial airline industry. President Eric Paulson named Oregon's Small Business Person of the Year by the SBA

1998: Introduced a new model tug capable of towing aircraft up to 180,000 pounds

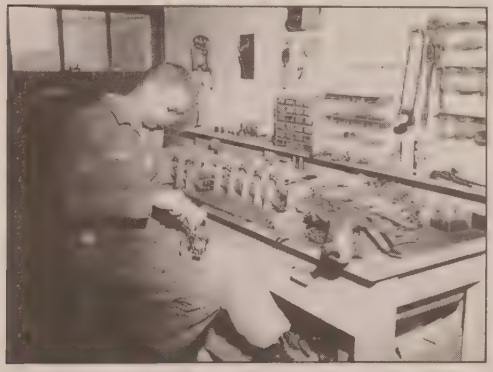
1999: LEKTRO named Oregon's Exporter of the Year. Became preferred tow vehicle for every regional airline in North America. Tug sales increased by nearly 50 percent

2000: Largest single order ever received from GM for nearly 250 custom warehouse vehicles and American Eagle and ASA selected LEKTRO as their tow vehicle. First contract with U.S. Navy. Sales exceed $10 million

2004: LEKTRO named Preferred Vendor of the Year by American Eagle and sales reach more than $12 million

2005: LEKTRO delivered its 2,500th unit to satisfied customer United Airlines and celebrated 60 years in business Groundbreaking ceremony with Oregon Gov. Ted Kulongoski

2006: LEKTRO moved into its new corporate offices in February



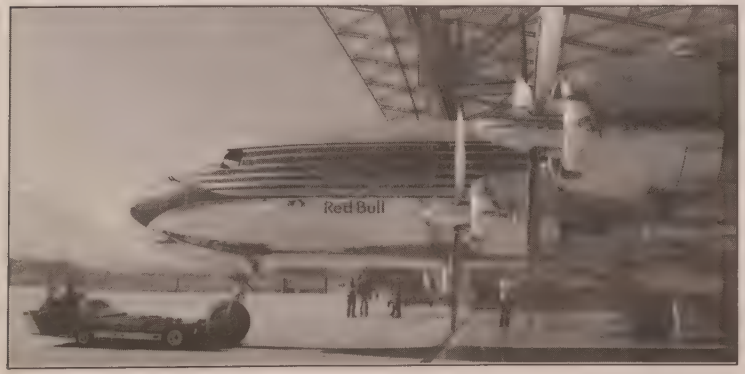
ABOVE: The LEKTRO cart delivers baggage to West Coast Airlines in Astoria.

FAR LEFT: Merv Helmersen works on a relay in the 1950s.

LEFT: Armas Johnson was LEKTRO's first employee.

BOTTOM LEFT: LEKTRO tows the Red Bull airplane in Salzburg, Austria.

BELOW: Wilt Paulson assembles mink feeders.



Continued from Page 9

Cowan. Eric outlined his plan for saving the company through cost cutting and increased efficiency. Tim knew that LEKTRO had the potential for being saved and agreed that Eric's plan was probably the only option. Tim agreed to keep LEKTRO as a First Interstate customer and to continue funding its operation.

One of Eric's first duties as a full time employee in May, 1982, was to reduce overhead. Eric took on the role of general manager, parts manager, sales manager and purchasing agent. Eric found himself working 12- to 14-hour days, seven days a week, but the savings in personnel cost was enough to stop the financial hemorrhaging and put the company back in the black.

Shortly thereafter, jointly Eric and Wilt landed the first GM contract, which boosted production immediately and gave the cash flow needed to develop the aviation tug market while paying off the huge debt. Eric took over as president in 1985, at age 23, and purchased the company in 1988 so his parents could retire. Eric figures that his coming back when he did and relieving his dad of the daily responsibilities and stress prolonged Wilt's life by at least 10 years. Wilt passed away of a heart attack at his home at the age of 82 in 2003.

Eventually, Eric added staff to replace himself in all his duties, except the general management, CEO and president positions. Eric is still heavily involved in production planning and forecasting, as well as some domestic and international direct sales.

Continued on Page 16

KATE RAMSAYER — The Daily Astorian

Merv Helmersen and Tommy Johnson, right, check out the interior of one of LEKTRO's latest aircraft tugs, while LEKTRO president Eric Paulson, left, and Richard Lee talk after a reunion of former Lektro employees and friends.

Eric Paulson positions a Gulfstream 100 during a recent convention.

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Continued from Page 15

Eric still finds himself working seven days a week, and at least 11 hours a day. He hopes that continued growth will provide additional revenues, allowing him to hire quality people to carry on the tradition of innovation and integrity established by his father.

Through Eric's leadership, the company has enjoyed fairly regular growth, albeit not as fast as he had hoped. The company has an excellent and stable foundation upon which to base future growth. One thing that can topple a company is growing too quickly. LEKTRO's long-term history, excellent base with nearly 5,000 vehicles still in operation worldwide, provides it the stability to weather new vehicle sales fluctuations.

Besides being heavily involved in the day-to-day operations at LEKTRO, Eric is active in the community. The house he recently built after a fire destroyed his old home in 1998 is commonly used for community events and political fundraisers with as many as 450 guests attending a single event.

Eric has been involved in the fundraising for the Aquatics Center, has been on the Astoria Planning Commission, is a member of the Friends of the Astoria Column and was active in its renovation efforts. He is also co-chairing the fundraising drive for the Liberty Theater Restoration and has been on its board since 1998. Eric is an active member of Bethany Lutheran Church, sitting on the board as a deacon. He has also been active in the past with the Astoria Regatta, organizing the parade for three years and driving the court to festivals around the Northwest from 1995 to 1998.

Eric has also been recognized as Oregon's Small Business Person in 1997 and Exporter of the Year in 1999. He was named admiral for the 2005 Astoria Regatta.

ABOVE: Eric Paulson receives Oregon's Small Business Person of the Year award from Aida Alvarez, administrator for the U.S. Small Business Administration, in June 1997 in Washington, D.C.

Eric Paulson stands in the newly renovated mezzanine "Bull Pen" – customer support department.

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on its products as well as lower Columbia-area pickup trucks.

LEKTRO will be installing three heated paint booths plus a sandblast booth in the new addition. The paint booths are semi-truck sized, enabling the company to paint all current as well as future larger products.

The new booths are designed to decrease the painting cure time, enabling substantially more equipment to pass through the booths on a daily basis when sales and production increase.

In addition, by being in its own building, paint processes will not be subjected to the dirt and particles associated with welding and grinding operations. This will bring the total square footage of the factory to 83,000 square feet. There may be as many as 35 LEKTRO tugs in the manufacturing process pipeline at any given time. The company currently employs 50 full-time and part-time workers.

LEKTRO anticipates the new expansion and additional ground-level production capacity created with the office relocation will enable the company to eventually quadruple in size, a goal the company hopes to attain in the not-too-distant future.

Eric Paulson, above left, poses with painter Keith Stidham in front of the new paint booth in the LEKTRO expansion area. The truck-sized paint booth, right, is capable of holding the largest vehicle LEKTRO plans to build.

SUE CODY — The Daily Astorian

George Stone welds components for a run of aircraft tugs.

Foreman for Concord Construction Jim Tabayoyon covers late completion schedule of the expansion area with Eric Paulson.

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Environmental issues will play role in future

There are several opportunities for LEKTRO in the years ahead.

As environmental concerns are raised worldwide, the trend toward alternative vehicles, including electric, will continue to grow. Because of LEKTRO's extensive experience in electric vehicle technology, it is positioned to remain an industry leader for products it currently produces and those not even thought of yet.

The aviation tug market will continue to grow for LEKTRO.

Success to date has been in the corporate and regional airline market. LEKTRO sees significant opportunity for its products in the larger commercial airline market worldwide as well as the untapped military market, both here in the United States, as well as militaries throughout the world. As military organizations look for ways to be more efficient, safer and better on the environment, many militaries are monitoring the civilian/commercial markets and watching what is working and what is not. LEKTRO products are an example of what is working in the civilian sector, thus will work in military applications as well.

ABOVE: A LEKTRO AP8800SD prepares to position a Blue Angels F-18 during a recent air show.

LEFT: Gov. Ted Kulongoski takes a joy ride on a LEKTRO AP 8750-BAL tug with Eric Paulson at the ground-breaking ceremony in June. At left, on the phone, is Ron Kinsley, commander at Camp Rilea Armed Forces Training Center. Others, behind vehicle are Oregon State Police officers.

In 1955 the community came together to build the Fort Clatsop replica. The Fort was originally constructed in the Lektro hangar.

In 2005, the same community helped to make Fort Clatsop a part of the new Lewis and Clark National Historical Park.

Thank you Lektro, for being a key member of our community and creating lasting legacies!

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ABOVE: A LEKTRO AP8850SDA works hard for client Hawker Pacific in Australia.
RIGHT: Eric Paulson poses with LEKTRO tugs before shipment to Russia in February 2006.
BELOW LEFT: Tony Crowell, left, and Joe Kimbrough finish the assembly of an AP8600.
BELOW CENTER: LEKTRO foreman Jim Magoulas wears many hats, including wheel welder.
BELOW RIGHT: A Belgian Army officer tests a customized LEKTRO AP8700B on their Agusta 109BA helicopter. The Belgians ordered 13 in 2002.

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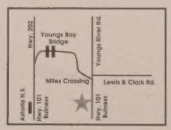

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